

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-09 ISO-00 SP-02 USIA-15 AID-05  
NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00  
FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04  
SIL-01 L-03 H-02 PA-02 PRS-01 /109 W  
-----121355Z 036570 /43

R 121315Z APR 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3931

TREAS DEPT WASHDC

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMCONSUL FLORENCE

AMCONSUL GENOA

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMCONSUL TRIESTE

AMCONSUL TURIN

UNCLAS ROME 5932

E.O. 11652: N/A

TAGS: EFIN IT

SUBJ: IMF STANDBY: GAB FINANCING AND US SUPPORT

1. MILAN'S "CORRIERE DELLA SERA "APRIL 12 PUBLISHES FRONT  
PAGE ARTICLE FROM NEW YORK CORRESPONDENT UGO STILLE GIVING  
BACKGROUND INFORMATION ON PROPOSED NEW IFM STANDBY. ACCORDING  
TO STILLE,IMF BOARD OF EXECUTIVE DIRECTORS WILL MEET DURING LAST  
WEEK OF APRIL TO APPROVE STANDBY. HOWEVER, SINCE IMF CONVERTIBLE  
CURRENCY RESOURCES ARE AT LOW LEVEL, GROUP OF 10 DEPUTIES WILL  
MEET APRIL 16 IN PARIS TO CONSIDER ACTIVATION OF GENERAL ARRANGEMENTS  
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TO BORROW SO AS TO PROVIDE ADDITIONAL CURRENCIES TO IMF FOR ITALIAN  
STANDBY. ARTICLE REPORTS THAT NO DIFFICULTIES ARE EXPECTED  
IN REACHING POSITIVE DECISION SINCE TWO MAJOR COUNTRIES, US  
AND GERMANY, WERE THOSE "WHICH MOST VIGOROUSLY INTERVENED TO  
ASSURE EXTENSION OF LOAN TO ITALY."

2. ARTICLE REPORTS THAT DURING LIGHTENING VISIT OF TREASURY

MINISTER STAMMATI TO WASHINGTON ON MARCH 30 IMF MANAGING DIRECTOR  
WITTEVEEN TOLD STAMMATI THAT LABOR COST AGREEMENT BETWEEN GOI  
AND LABOR UNIONS WAS "NOT COMPLETELY SATISFACTORY". STILLE  
CLAIMS THAT DECISIVE ACTION BY US GOVERNMENT AVOIDED POSSIBLE  
IMPASSE. INITIATIVE WAS REPORTEDLY TAKEN BY AMBASSADOR GARDNER  
WHO CONTACTED UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS  
COOPER. COOPER AND TREASURY ASSISTANT SECRETARY BERGSTEN THEN  
MADE JOINT APPROACH TO IMF TO PERSUADE FUND TO ACCEPT GOI-  
LABOR UNION COMPROMISE. STILLE CONCLUDES THAT THIS INTERVENTION  
AVOIDED CRISIS AND PERMITTED POSITIVE CONCLUSION OF NEGOTIATIONS.  
GARDNER

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NNN

## Message Attributes

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**Concepts:** PRESS COMMENTS, FINANCE, ECONOMIC PROGRAMS  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009